

A Cheering Outlook for 1921

"Thank God 1920 is gone," a friend of mine said to me yesterday morning. We were speaking of the incoming year. He is a man of large affairs and has felt the grilling of breaking markets.

"I should like to amend your remark," I answered, "by saying 'Thank God for 1920.'"

When the clouds have rolled by and normal prosperity has reassured itself, sound thinkers will look back upon 1920 as the year of our salvation. Another year of expansion, of wild speculation, of inflation, of high prices, of profiteering, and of general debauch like that of 1919 and the country would have blown up. It has been the work of 1920 to lead the way back toward sanity and soundness, and in this respect it has made a record for achievement incomparable in the world's history.

Greed, passion, insane plunging in every phase of endeavor that meant millions kneed, no bounds in 1919. Everything was strained to the verge of breaking, and the break would have come, a wide open break, if our bankers and the Government in cooperation in the early months of 1920 had not demanded a quick, sharp stop to all this madness.

Next to the crime of the great war itself will stand in criminality the year 1919, for its stupid, wicked handling of a situation that called earnestly, called in all common sense, for the inauguration of strict economies and an immediate return to work, to sound business methods and to standards of righteousness and sobriety both in our business activities and in our individual lives.

1920 has had to shoulder the burden of the monumental sins of 1919, and it has made great progress in clearing up an impossible situation and in bringing the nation back to a saner and calmer state of mind. The recession in our activities, our restricted business, idle factories, palsied commerce, the crash in unworthy securities, dragging worthy securities down with them, dear money and unemployed men—all these were inevitable in the readjustment of an artificial, highly speculative situation that could not last.

A philosophic view of the present depression and the causes producing it, with an intelligent appreciation of the necessary processes of readjustment, must accept with complacency and approval what the community generally bewails with gloom laden utterances.

The community generally and the country at large would acclaim 1919 as a great year, when in fact it was one of the worst the country has ever seen, one of the worst the world has ever seen. The community generally and the country at large have had few good words for 1920, and especially for the latter half of it.

The job of 1920 has been to inaugurate the work of rectifying the damnable doings of 1919 in reckless spending, reckless living, reckless finance and conscienceless profiteering. 1920 went far in bringing about a better and saner condition; 1921, the new year starting to-day, will carry on this work to completion.

Getting out of debt is a far better business than plunging into debt. Getting back to normal means getting down to the bedrock foundation. We are not there yet all along the line. In part we are well there. Deflation is pretty nearly complete in the security market. There are doubtless some soft spots left. There are still perhaps weak speculative pools and weak stocks that never should have been permitted to appear on the board.

But sound stocks and bonds representing seasoned and substantial properties, either railroad or industrial, are below their value, and probably close to it not actually at bottom prices, except for spasmodic dips brought about by the uncovering of some weak condition resulting in a bear drive.

So in the security market we may confidently look forward to this new year as having much good cheer in store for us, if we are patient and content with orderly and sane, safe progress. But we should not look forward to buoyant bull markets. Nothing worse could happen to the country. Bull markets in this situation, while the process of readjustment is still on, would be a calamity. They would mean reinflation built on the still undeformed business and undeformed labor.

This process of deflation must run its course if we are to get back to a foundation on which we may rear an enduring structure of prosperity. In 1919 and the early half of 1920 the country went wild in production without regard to cost, with the result that the channels of trade are clogged with a plethora of wares in most lines that are still undigested. Until they pass into the hands of consumers and clear the shelves of the retail distributors the stocks of the jobbers cannot pass on to the retailers, and until the warehouses of the jobbers are relieved of their bulging stocks the manufacturers cannot pass their products on to the jobbers. And the manufacturers cannot continue to manufacture unless they can sell their turnout. This inevitably means idle wheels, and idle wheels mean idle men.

With production greatly curtailed this state of congestion will gradually clear up. The daily purchases of more than a hundred millions of people are enormous in the aggregate, even when wares are moving slowly. Meeting the absolute necessities of so vast an aggregation of human beings rapidly eases the bulging market of overproduction.

As this deflation goes on, and as labor comes to accept its part in the readjustment of prices, we shall find ourselves all the while nearing the dawn of a better day. But to reach a sound basis on which to begin again to forge ahead we must get our costs down.

We can have no sane, safe prosperity with costs of production that prohibit the exportation of our products and raise the cost of living to a prohibitive scale that makes for unrest and breeds Bolshevism among our people.

The smaller cost of production can come only when our man power yields a bigger return for the wages it receives. Deflation must pass on to labor and must be accepted graciously by labor to make the work of readjustment complete.

Sky high war wages do not fit peace times. No more do sky high war costs of living fit peace times. We must get both down to normal. It is not possible to have low living costs with excessive wages. With saner wages and more return in production for wages, a lower cost of living will follow fast on the heels of the lower cost of production.

Just how long it will take to finish the job of deflation, to restore our equilibrium after the war, and to recover from that worse than war period, that wild, reckless year of 1919, no one can predict to a day or a month, but I am confident that this new year will finish the job.

FRANK A. MUNSEY.

MILLER WORRIES BIG POLITICIANS ON INAUGURATION EVE

New Governor Names Only
Few Appointees; Work-
ing on First Message.

CHARITY BALL IS GAY

Al Smith Holds Levee in
Capitol and Commutes
Time of 9 Convicts.

THREE IN FOR MURDERS

Joys and Heartaches in Execu-
tive Job Seen by Chief Who
Seeks to Be Human.

Special Despatch to THE NEW YORK HERALD.
ALBANY, Dec. 31.—Nathan L. Miller took the oath of office as Governor to-day in his study in the Executive Mansion and announced four judicial designations and the appointment of three members of his official family.

Gov. Smith stepped out of his office in the State Capitol after shaking hands with hundreds of persons who filed through the big chamber to say farewell. In his last hour in office the Governor philosophized on public service and gave it as his opinion that "being just human" is one of the chief requisites in making a successful chief executive.

Albany is crowded to-night with the throngs from all parts of the State. Probably three thousand persons attended the inaugural charity ball to-night in the State Armory, the first held since before the war, and the hotels and clubs are merry with the scores of New Year's Eve parties. The officers of fifteen military units which are to parade to-morrow attended the ball to-night.

Mr. Miller spent the day working on his inaugural address and his first message to the Legislature. He declined to see interviewers.

Charles L. Cadie of Rochester was appointed Superintendent of Public Works. He is president of a manufacturing company of Rochester and an officer in several State engineering associations.

Ward Smith of New York will be secretary to the Governor. He is vice-president of the Charles A. Smith Lumber Company and chairman of the board of directors of the Valley Stream National Bank. John Parsons of Oswego is appointed executive auditor.

Wenell Makes Selections.

James A. Wendell took oath as State Comptroller. He announced the most important of his appointments. William J. Maier of Seneca Falls was promoted to be first deputy, with a salary of \$7,000. Frederick W. Farwell was reappointed a deputy at \$6,000 and Charles H. Dorn retains his post as secretary at \$4,000. Edward F. Kearney was promoted to a deputy post from assistant deputy and warrant clerk. Charles H. Mullins was promoted to Mr. Kearney's position.

William L. Leland of Westchester, William Barnes of Albany, Samuel S. Koenig of New York, Fred Greiner of Buffalo and Horace S. Wilkinson of Syracuse were among new strong organization leaders today for consideration, while so far as awards were not held. Names of the other leaders came and had nothing to do but go sightseeing and celebrate New Year's eve.

Interest for many contractors, Gov. Smith's retention of his post as Governor, and the fact that he is leaving to-day to mark his retirement by pardoning criminals, and commuted the sentences of nine convicts. Three were serving life terms as second degree murderers. They are Joseph Murphy of New York county, Charles Benjamin of Orange county and Willet J. Springfield of Westchester county. Murphy's commutation was granted on the recommendation of Judge Benson. He had been in prison for eight years.

To start the new year with their freedom are Anna Gold of Kings county, second degree larceny, John Walsh of New York county, second degree assault; Giovanni Manghaviat of Kings county, first degree assault; Tony Bruto of the Bronx, abduction, and Samuel E. Dinger of Erie county, receiving stolen property.

Governor's Job in a Nutshell.

Before leaving Mr. Smith made these observations on the Governorship. "I am grateful for having had two years here. It is a wonderful opportunity for getting wide and intimate contact with the people of the State and their problems. My experience leads me to the conclusion that to be a successful Governor a man must of all must be a human Governor—a real human being. Any man who comes into this office with the idea that the State is his domain and proposes to rule his subjects from a lofty eminence will not get far. No man can be a good Governor because he knows all about one thing or is successful in one particular line.

"First of all, the Governor must know his fellow men; to understand them is the biggest part of his job. The office, of course, carries dignity with it, but to my way of thinking there is no higher dignity than knowing and helping the people of every class. The man who simply stands on the dignity of the office will stand still.

"There are heartaches that go with the job, and I guess I know them all. I am realizing that more than ever in my last hour in office. It is not a happy thing for any man to carry the tremendous responsibility of life and death for the unfortunate who have gone wrong.

"No man, unless he has a stone for a heart and ice water in his veins, can fail to be touched by the pitiful appeals of mothers and fathers and children who come to beg for the lives and freedom of their kin. That is the hardest part of all and I am glad it is over for me. I am glad I have a good job where I can go out and hustle and make a living."

Promoter of Alleged Rum Plot Arrested

CHICAGO, Dec. 31.—Jack Costello of 243 West Forty-third street, New York, described as the "promoter" of an alleged conspiracy to steal liquor permits from the office of Charles R. O'Connor, Federal Prohibition Director in New York, was arrested here tonight by Federal prohibition agents. It was said he attempted to bribe two of the agents who caught him, with \$25,000 and that he was found to have three permits for liquor withdrawals.

With Costello was John F. Shea, of the Shea & Farley Detective Agency, 1416 Broadway, New York. Shea's activities will be investigated. He was detained. Two of the permits which Costello had were said to have been for twenty-five barrels of whiskey each, and the third for 1,000 cases of liquor.

OCEAN HALTS NEW COURT HOUSE JOB

Contractors Discharge Labor,
as Millions of Gallons of
Water Seep In Daily.

PUMPING COST \$200 A DAY

Damage Suits Threatened Be-
cause Concrete Floor and
Walls Are Too Thin.

Rodgers & Haggerty, contractors for the foundation work of the new court house, abandoned work yesterday and discharged their laborers, because, the firm declared, to continue in their efforts to carry out their contract would make it necessary for them to pump from the basement of the new building between 3,000,000 and 4,000,000 gallons of Atlantic Ocean water every day at a cost of about \$200.

The contractors announced also that they would not be able to resume work until the city has authorized a thickening of the concrete floor to keep out the water and has purchased plumbing materials and structural steel to be installed along with the foundation floor and walls. At the same time Rodgers & Haggerty had their engineers begin work on estimates of the daily expense to which the delay will put the firm, and they threaten a suit unless the city makes reimbursement.

The fact that there was considerable water beneath the site of the basement of the new court house has been known since excavations began, and has caused considerable alteration in the Board of Estimates, but not until yesterday did it become known that such a tremendous volume of water enters every day. Rodgers & Haggerty have been keeping four big pumps going night and day to prevent the site from becoming a lake, with two pumps in reserve. An analysis of the water has shown that it comes from the Atlantic Ocean's response to such violent action as to produce a strong current, and on these days when the seepage is particularly bad the volume of water under the court house runs up to more than 4,000,000 gallons and rises to the level of low water in the East River.

Rodgers & Haggerty did not have ready yesterday any estimate of the amount that the city would have to pay through the delay in the foundation work, but it was said that it would amount to several thousand dollars a day.

According to the foundation contract specifications the plumbing has to be laid in the basements as the concrete floor is constructed. With no provision for plumbing installation no more work can be done on the floor. Likewise, the foundation walls specified would not support themselves against the pressure of the surrounding earth.

12 PLANES MAKE SECOND
HOP TOWARD PANAMA

Flight Down Coast Reported
by Wireless.

SAN DIEGO, Dec. 31.—Twelve of the thirteen seaplanes which left San Diego yesterday on a flight to the Panama Canal and reached San Bartolome Bay, Lower California, made the second "hop" of the journey to Magdalena Bay to-day, according to radio messages received here shortly before 10 P. M.

The thirteenth machine, the NC-6, remained at San Bartolome Bay.

PAYROLL BANDITS KILL
TWO; ESCAPE WITH \$4,200

Bullets Meet Resistance of
Cleveland Foundry Men.

CLEVELAND, Dec. 31.—Wilfred C. Sly, president, and George K. Fanner, superintendent, of the W. W. Sly Foundry Company were murdered to-day by five payroll bandits, who escaped with \$4,200 in cash after holding up the men.

The two were returning from a bank in an automobile with the recently paid payroll. While crossing a bridge at the plant two automobiles crowded the machine driven by Sly, forcing him to crash into the bridge railing. The bandits jumped from the machines and demanded the payroll. When Sly attempted to draw a revolver the bandits shot and killed him and Fanner and then escaped in one of their cars.

AGENTS HUNT NEW GROUP OF LIQUOR PERMIT FORGERS

McQuillan's Bribe Proof
Squad Gets Tip From Dry
Director O'Connor.

ON DONEGAN'S TRAIL

Officials Engaged in Trac-
ing His Associates in
Alleged Plot.

FRAUD EVIDENCE GROWS

Many Small Rings Operate In-
dependently—Search War-
rants Hard to Get.

Hugh McQuillan's bribe proof fraud hunters of the Internal Revenue service, who by making four arrests at the McAlpin on Thursday jarred the whole fraternity of permit forging booze runners who have been helping to turn enforcement of the Volstead act into the biggest scandal of the day, are after a second group of suspects.

The information on which they are working comes this time from Charles R. O'Connor, Federal Prohibition Director for New York State, in whose offices were employed the two women taken in Thursday's roundup and now under heavy guard along with Edward Donegan and Sigmond, otherwise "Deany," Rosenfeld.

The Federal agents also are busy in tracing the business associates of Donegan, charged by the United States Attorney with being the head of a conspiracy to defraud the Government by the issuance of bogus permits for the withdrawal of liquor from distilleries and bonded warehouses. They expect before they stop to find out exactly with whom Donegan was working and to make arrests calculated to end the lucrative activities of this particular group.

Groups Work Independently.

There is no inner ring of the rum ring, says Hugh McQuillan, director of the Internal Revenue secret service. Merely a lot of little groups, such as that of Donegan and his friends is alleged to have been, are working independently, each having worked out for itself a method of beating the law. McQuillan does not expect ever to arrest any man and, pointing to him, say, "Here's the head devil." It is refreshing to have a talk with him, for almost alone among law enforcement agents he hasn't a word to say about the "master mind." In fact, McQuillan is so cruelly frank as to say that he doesn't believe in "master minds."

His men do not expect immediate developments in their continued researches. Just now they are having a little hard sledding through inability to get search warrants that they need in their investigation. The Federal Judges and Commissioners are sticklers when it comes to search warrants. An affidavit of general suspicion does not satisfy them. The applicant must say just what he is going after and what he expects to find.

McQuillan's men have the names and addresses of certain men—and women too—whom they suspect of complicity in the forgery or sale of withdrawal permits. They don't know specifically what they might find if they raided the quarters of these persons. They think it would be well worth while to go raiding and see what turns up. But they can't get search warrants for such exceptions or at least haven't been able to do so far.

Withdrawals Exceed Permits.

Prohibition Director O'Connor, whose job is to issue withdrawal permits to the proper persons, just as the job of Enforcement Agent Dan Chapin is to enforce the Volstead act and the job of Hugh McQuillan is to prevent and detect revenue frauds, said yesterday it became apparent some time ago that the amount of liquor being taken from bond exceeded the amounts provided for in the permits. It came from his office. Legitimate permits have allowed for the withdrawal in this State of from 4,000 to 10,000 cases a day, the daily average being from 6,500 to 7,000 cases. This was fixed as the proper average for the State of New York, with its 10,000,000 people, more or less, in need of alcoholic medical attention after consultation with druggists, physicians and others.

Doing a little sleuthing on his own account, O'Connor discovered evidence that certain persons other than those arrested on Thursday were issuing permits bearing forgeries of his rubber stamped signature and the handwritten signature of John Connor, his assistant in charge of the permit office. It appeared that men not entitled to permits were getting the forged ones and coming into possession of as many as 1,000 cases of liquor at a time. What he learned he has passed along to the Internal Revenue men.

O'Connor believed that the misuse of telegrams and other papers in his office has been stopped by the arrests in the McAlpin. He said, however, that he understood the Government was about to improve its permit system whereby

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CARDINAL GIBBONS SINKING; GETS CHURCH'S LAST RITES

Prelate Has Two Fainting Spells in Relapse as Condi-
tion B. comes Grave, Although His Mind Is
Clear—Priests Offer Prayers.

BALTIMORE, Dec. 31.—Cardinal Gibbons received to-day the last sacraments of the church and he was lying to-night in a critical condition in the home of his friend, Robert T. Shriver, at Union Mills, in the Carroll county hills, near Westminster.

Since last Sunday, when the condition of the Cardinal took a favorable turn, it had been hoped he would gain strength and eventually be in condition to travel to Baltimore. Obviously the physicians had not expected the relapse. But this turn, they explained, was due to the Cardinal's advanced age and consequent infirmities. The mind of the prelate is said to be perfectly clear.

The turn in the Cardinal's condition prompted the Right Rev. Owen B. Corrigan, Auxiliary Bishop of Baltimore, to issue to-night the following official notice:

"The condition of His Eminence to-day has been less favorable than at

SAFE IN IRELAND, DE VALERA CABLES GREETING FRIENDS

Mystery in Disappearance of
"President of Republic"
Is Solved.

SENDS FAREWELL TO U. S.

Belief Expressed He Used
Freighter as in Former
Passage Here.

That doubt and mystification which for the past three weeks have surrounded the whereabouts of Eamon de Valera, "President of the Irish Republic," was clarified somewhat yesterday when Harry Boland, De Valera's secretary, announced that his chief had sent him a cable message to the effect that he had just landed on Irish soil.

Mr. Boland gave the announcement at the offices of the American Commission for Irish Independence at 411 Fifth avenue, but would not illuminate it to the extent of saying upon what ship De Valera had made his journey across the Atlantic. "We will assume," he said, "that he went on the Irish Presidential yacht. It was no easy task for him to evade the watchful enemies of Ireland. I cannot go into the details of his voyage for obvious reasons."

Mr. Boland admitted, however, that the message he received was in code and was all arranged for when De Valera went away. He gave out for general publication the following message, dictated by the departing president the night before he took ship:

"Land of the free and home of the brave, farewell. May you ever remain as I have known you, land of the generous hearted and the kindly. May you stand through time as they would have you who love you, Liberty's chosen champion, and, oh, may you never know yourself the agony of a foreign master's lash.

"I came to you on a holy mission, the mission of freedom. I return to my people who sent me, not indeed as I had dreamed it with the mission accomplished, but with a message that will cheer in the dark days that have come upon them and will inspire the acceptance of such sacrifice as must yet be made.

"So, farewell—young, mighty, fortunate land. No man can express can measure the depth of my esteem for you or my desire for your welfare and your glory. And farewell the many dear friends I have made and the tens of thousands who for the reason that I was the representative of a noble nation and a storied appealing cause gave me honors they denied to princes. You will not need to be assured that Ireland will not forget—and that Ireland will not be ungrateful."

De Valera dropped out of sight in this city about three weeks ago and ever since his disappearance there has been a rumor that he was making his way back to Ireland. But although all steamships arriving in British ports were searched carefully for him he was not found. It is possible he may have made his way to Ireland on board a freighter, the method he is supposed to have used when he came to the United States in June, 1919.

Just before coming here De Valera escaped from an English prison and was in Paris for a while, and during his stay there was notified of his election as President of the Irish Republic. Upon his arrival he took a suite at the Waldorf and began a campaign for funds in aid of the Irish Republic. He also made a movement to gain recognition of the "republic" by the United States. From this city he started upon a tour of the country, in the course of which he visited every city of importance. He was received with enthusiasm in many places and with sharp disfavor in others.

Just after the time he disappeared three weeks ago it was stated that he was coming and would reappear and resume his labors for Ireland on Christmas Day. Mr. Boland within the last few weeks has frequently expressed his apprehension at being unable to tell where De Valera was.

De Valera was born in this city in 1882, but his father died when he was an infant, and his mother, who was of Irish birth, returned to Ireland with her children to live. She gave them all a thorough education, and Eamon, after completing his university course, became

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WILSON TO CALL WORLD'S PARLEY ON DISARMAMENT

Contemplates Issuing Call
for International Confer-
ence to Seek United
Action.

HAS THE AUTHORITY

Power Is Given President
Under Naval Act of 1916;
Invited by League to
Start Move.

NATIONS FEAR AMERICA

Naval Programme, Too Big to
Follow, Is Effective Weapon
to Force Recognition of
Country's Leadership.

Special Despatch to THE NEW YORK HERALD.

New York Herald Bureau.]
Washington, D. C., Dec. 31.—

The Government will commence the new year by moving seriously in the direction of bringing about international disarmament. President Wilson is contemplating issuing a call for an international conference on the subject either under the authority given to him by the naval act of 1916 or in connection with the invitation extended by the League of Nations.

Action by the President accepting the invitation of the league committee probably would have to be preceded by a Senate resolution authorizing him to do so, and Senator Walsh (Mon.), Democrat, has such a resolution prepared, which he will bring before the Foreign Relations Committee of the Senate next Monday.

The action contemplated here is in conformity with a growing world realization that the time has come to stop the building of tremendous armaments if an arrangement is possible by which joint action can be attained.

In bringing about this programme the United States holds the leadership. Its programme calls for the attainment of peace by preventing armaments by 1924, and of all the nations of the world it is now the only one in position to go ahead on a scale unattainable by other powers.

Now Leading World Problem.

The question of disarmament is recognized by leaders in Washington as the leading one before the world to-day, and about it hinges practically all the world's diplomatic interchanges. Because the United States has the potential power to build the greatest navy in the world, it is pointed out, it possesses an argument to which other powers must listen and which is believed likely to prevail in the determination of the position of this Government, as has been done in the Mesopotamian oil controversy with Great Britain and in the cable controversy with Japan.

Fearful of what the United States may do in regard to the upbuilding of its naval power, world diplomacy, it is realized, is being centered now in an effort to induce a halt in the American programme.

It is recognized that the political leaders of America will not halt the naval programme unless the other Powers of the world agree to do the same. President-elect Harding has made that clear in his speeches, and neither is it expected that the American naval programme will be stopped. America's leading part in world affairs is recognized. The programme, it is stated here, becomes the most effective weapon which the Harding Administration will have in bringing about its realization of what the proposed association of nations should be.

In view of the desire of other world Powers to halt Great Britain and Japan, to halt America's naval programme, it is confidently expected that any move on the part of the American Government looking toward reduction in armaments will be heartily seconded.

Naval Chief in Conference.

The belief that the President has such a conference in mind receives added strength to-day by a conference he had with Under Secretary of State Davis, which was followed by a conference with Mr. Davis held with Rear Admiral Robert E. Coates, Chief of Naval Operations.

Under what authority President Wilson would act if he moves to call an international conference is a matter of speculation. It is considered unlikely that he would accept the invitation of the disarmament committee of the League of Nations without special authorization from Congress in face of the rejection of the league covenant which occurred in the recent election.

The resolution by Senator Walsh which would give to the President the necessary authority suggests a probable realignment of Senators who have opposed and favored the league, and may open the league debate in the Senate. Adoption of Senator Walsh's resolution would recognize the League of Nations as a going concern, a recognition which anti-league Senators, especially the Irreconcilables, are not disposed to give.

The Walsh resolution will be opposed with that of Senator Borah (Idaho), Republican, who proposes that Japan, Great Britain and the United States shall engage in a naval holiday, reducing their building activities 50 per cent. during the next five years. Senator Walsh hopes to present his resolution before the committee Monday, in response to a request to this effect made by Senator Hiram Bingham (Neb.), ranking Democratic member of the Foreign Relations Committee.

Should the President decide to act under the authorization of the naval act of 1916, it is believed he will find ample authority in that measure. The act suggests the calling of a conference, but

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